

ANGLO UNITED

AR48

Development Corporation

LIMITED

30th ANNUAL REPORT



1979

**ANGLO UNITED
DEVELOPMENT CORPORATION
LIMITED**

and its wholly-owned subsidiaries

AR48

**UNAUDITED CONSOLIDATED STATEMENT
OF CHANGES IN FINANCIAL POSITION**

For the Six Months Ended April 30, 1979

	1979	1978
	\$	\$
Working Capital Provided By		
Oil lease rentals (net)	3,277	5,200
Interest and other income	46,934	12,995
Proceeds on issue of Common Shares	<u>1,032,500</u>	<u>—</u>
	<u>1,082,711</u>	<u>18,195</u>
Working Capital Applied To		
Fixed asset additions (net)	(181)	771
Interest in exploration ventures	1,224	37,155
Deferred exploration expenses	<u>181,768</u>	<u>35,042</u>
Administration expenses	<u>53,172</u>	<u>40,184</u>
	<u>235,983</u>	<u>113,152</u>
Increase (Decrease) in Working Capital	<u>846,728</u>	<u>(94,957)</u>
Working Capital (Deficiency) – Beginning of Period	<u>(41,621)</u>	<u>291,400</u>
Increase (Decrease) in Working Capital	<u>846,728</u>	<u>(94,957)</u>
Working Capital – End of Period	<u>805,107</u>	<u>196,443</u>

The above statement is subject to year-end audit and
adjustments.

**ANGLO UNITED
Development Corporation
LIMITED**



SEMI-ANNUAL REPORT
for the Six Months ended April 30, 1979

**ANGLO UNITED
DEVELOPMENT
CORPORATION LIMITED**
 Suite 2602, Royal Trust Tower
 P.O. Box 27, Toronto-Dominion Centre
 Toronto, Canada M5K 1A1

To the Shareholders:

The unaudited consolidated statement of changes in financial position for the six months ended 30th April, 1979, which includes the comparative figures for 1978, is attached.

Diamond drilling on the Company's uranium prospect in County Donegal, Ireland, commenced on 25th June, 1979. The initial phase of exploration drilling is primarily designed to obtain geological information on the factors affecting the distribution of uranium mineralization. Subsequently, diamond drilling will be extended to test specific targets along the nine kilometer strike of the radioactive anomaly. These targets have been delineated by extensive surface exploration over the past 12 months since the four prospecting licences in this area were officially issued to Munster Base Metals Limited, the wholly-owned Irish subsidiary of your Company.

The Company also announces encouraging initial results from its current diamond drilling program on the Clontibret gold prospect in County Monaghan. Significant drill hole intersections so far received are as follows:

Hole No.	Intersection (ft)		Core Length (ft)	Gold Oz-Ton
	From	To		
CL-79-1	94.3	96.1	1.8	0.09
	96.1	97.3	1.2	0.07
	113.0	115.0	2.0	0.09
	127.0	129.5	2.5	0.34
	142.0	144.5	2.5	0.52
CL-79-3	88.0	89.0	1.0	0.14
	157.0	159.0	2.0	0.09
	180.0	182.0	2.0	0.45

The first hole (CL-79-1) drilled at minus 45° to the east, cut the first of two principal gold-bearing, steeply dipping, north-south, vein-type structures between 127 and 129.5 feet (vertical depth approximately 70'). The hole was terminated at 302 feet. A second hole, collared 650 feet to the north and drilled at minus 60° was abandoned at 57 feet, just below the base of the overburden due to unconsolidated sands.

CL-79-3 located 200 feet north of the first hole and inclined at minus 60° east is currently in progress and has reached a depth of 328 feet. This hole has intersected a number of favourable zones and results so far available to 184 feet, show significant intersections 88-89 feet (vertical depth approximately 70') and at 180-182 feet (vertical depth approximately 140'). The latter zone is a northerly extension of the lower mineralized intersection in CL-79-1.

Current plans are to complete an initial program of diamond drill holes and then to appraise all the results together with information available from previous work. This study will form the basis of recommendations for a more comprehensive drilling program designed to systematically evaluate the gold-bearing structure.

On Behalf of the Board of Directors

A. R. B. LOWE
President

29th June, 1979

ANGLO UNITED

Development Corporation

LIMITED

Board of Directors

John C. Evans,
Toronto, Canada
Investment Dealer

Matthew Gilroy,
Dublin, Ireland
Vice President, Tara Exploration and
Development Company Limited

L. Jules Gregoire,
Hull, Canada
Civil Engineer

A. Garfield Heyes,
Toronto, Canada
Director, Northgate Exploration Limited

Patrick J. Hughes,
Dublin, Ireland
Chairman, Northgate Exploration Limited

Alan R. B. Lowe,
Toronto, Canada
President, Anglo United Development
Corporation Limited

Peter McAleer,
Dublin, Ireland
Vice President, Northgate Exploration
Limited and Barrister at Law

James H. Morlock,
Toronto, Canada
Barrister and Solicitor

George T. Smith,
Toronto, Canada
President and Chief Executive Officer
Northgate Exploration Limited,
Barrister and Solicitor

Officers

Alan R. B. Lowe,
President

A. Garfield Heyes,
Executive Vice President

John C. Evans,
Vice President

Matthew Gilroy,
Vice President

W. K. Sandham,
Secretary-Treasurer

Technical Staff

David G. Wilbur, B.Sc., *Exploration Manager and
Chief Geologist*
Peter K. Dendle, B.Sc., M.Sc., *Project Geologist, Donegal*
Clive Norris, B.Sc., *Geologist*
Declan A. Sheeran, B.A., *Geologist*
Timothy C. Cranley, *Field Manager*

Shareholders' Auditors

Coopers & Lybrand
Chartered Accountants, Toronto, Canada

Bankers

Bank of Nova Scotia, King and Victoria Sts. Branch,
Toronto, Canada

Bank of Nova Scotia, St. Stephens Green,
Dublin, Ireland

Transfer Agent and Registrar

Canada Permanent Trust Company, Toronto, Canada

Branch Transfer Agent

Gerald Quin, Cope & Co. Limited, London, England

Executive and Head Office

Suite 3140, P.O. Box 143,
1 First Canadian Place,
Toronto, Canada M5X 1C7
Telephone: (Area Code 416) 362-6683, Telex 06-217766
Cable Address "Angunit", Toronto, Canada

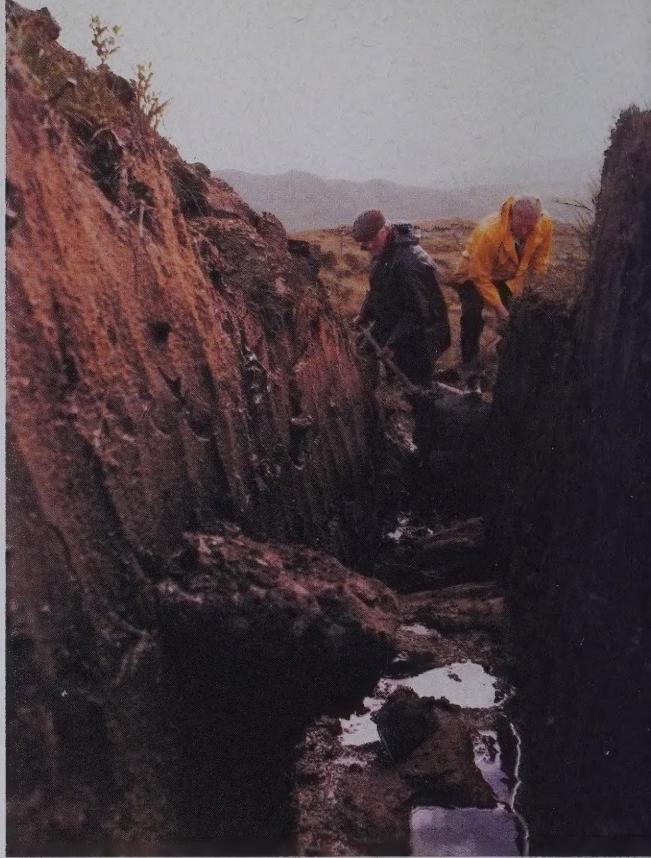
Dublin Office

162 Clontarf Road, Dublin 3, Ireland
Telephone (Area 01) 336690

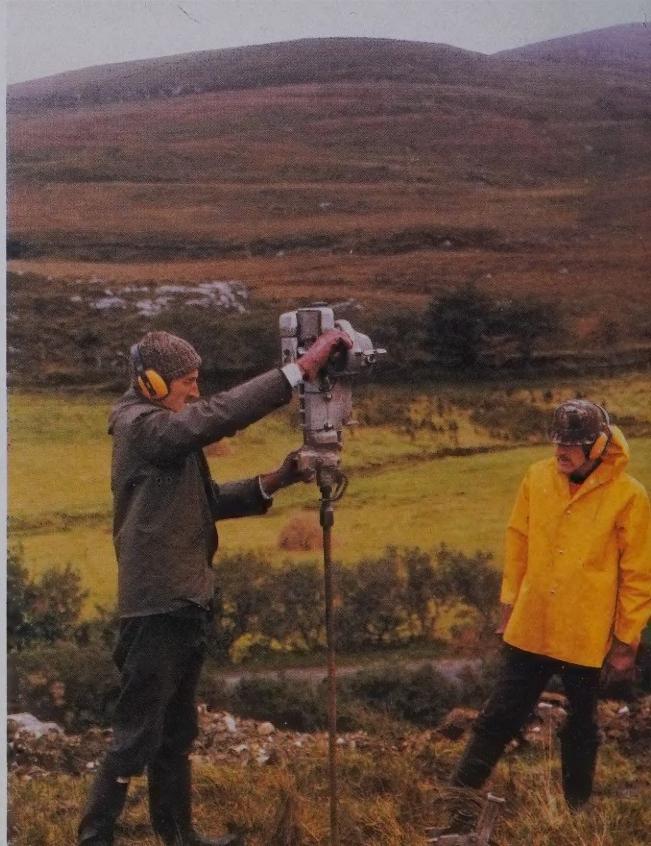


Annual Meeting of Shareholders

Wednesday, January 30, 1980, 9:00 a.m. Toronto Time
York Room, Royal York Hotel,
100 Front Street West, Toronto, Canada



CLOCKWISE FROM UPPER LEFT: Shallow hole drilling for sub-outcrop samples; Trenching depicts typical heavy overburden; Portable drill probing for sub-surface samples; and Field reconnaissance survey with magnetometer.



DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present the 30th Annual Report of the Corporation. Included are the audited consolidated financial statements of the Corporation and its wholly owned subsidiaries for the fiscal year ended 31st October, 1979.

The following is a general review of the main properties and mineral interests held by the Corporation together with a summary of the principal exploration activities during fiscal 1979 and the subsequent period to date, as well as an outline of the extensive exploration programs scheduled for the fiscal year 1980.

The Corporation, through its wholly owned Irish subsidiary, Munster Base Metals Limited, has a direct interest in 54 prospecting licences in the Republic of Ireland. Munster is the operator of 26 of these licences made up of 16 which are 100% owned and located in Counties Donegal, Monaghan and Galway-Longford-Roscommon, Mayo and Tipperary, and 10 which are one-third owned and subject to the Munster-Penarroya-Preussag Joint Venture Agreement, located in Counties Cork and Wexford. The remaining 28 licences are the subject of other joint ventures, mostly in the Connemara area of County Galway.

The areas held under licence cover a wide range of favourable geological environments and economic targets. These include uranium, molybdenum, copper and tungsten in granites (Donegal, Mayo and Connemara), lead, zinc, copper and barite in carbonates (Wexford, Mallow, Galway-Longford-Roscommon, Tipperary and Donegal), gold associated with arsenopyrite in veins (Clontibret) and massive sulphides associated with acid volcanics.

Exploration activity by Munster Base Metals Limited is currently at its highest ever level and three of the four diamond drilling programs undertaken since May of 1979 have been successful in intersecting significant amounts of mineralization — uranium in Donegal, gold in Clontibret and zinc-lead in Wexford.

FINANCIAL

Exploration expenditures (exclusive of exploration fixed asset additions) for the year ended 31st October, 1979, including contributions to the

Munster-Penarroya-Preussag Joint Venture, totalled \$560,620 compared with \$230,293 (restated) for the previous year. Exploration expenditures for the current fiscal period have been budgeted at approximately \$1.2 million of which some \$850,000 has been allocated to the Donegal program.

Working capital at 31st October, 1979 of \$397,205 compares with a deficiency of \$2,161 at the previous 1978 fiscal year end. Subsequent to the balance sheet date, on 6th December, 1979, the Corporation received additional financing through the sale of 240,000 treasury shares to associated Northgate Exploration Limited at the price of \$3.32 per share or a total of \$796,800. In consideration of this purchase Northgate was granted a non-assignable option to purchase a further 120,000 treasury shares at \$3.32 per share, exercisable on or before 6th June, 1980.

PROSPECTING LICENCES IN IRELAND

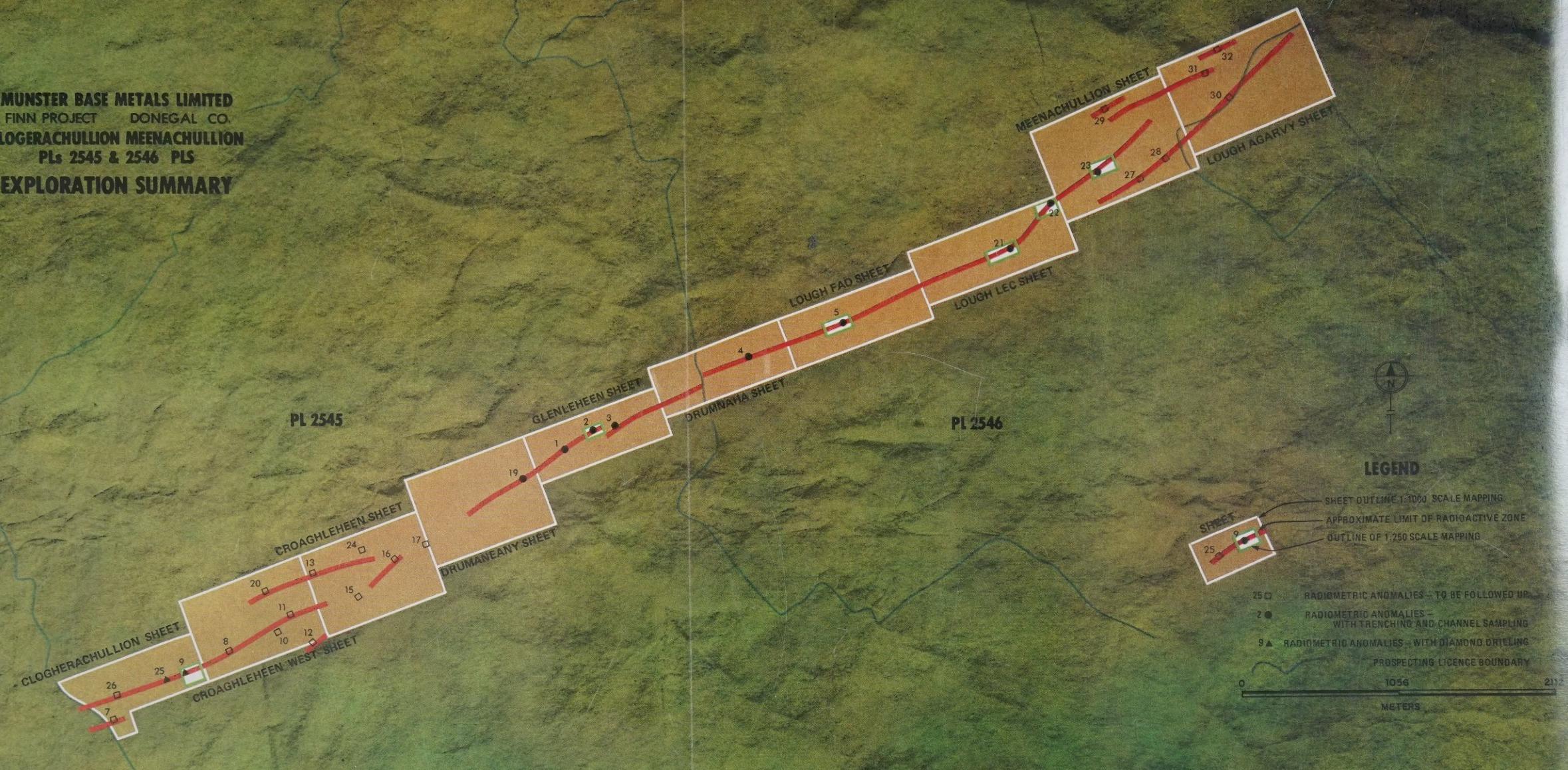
During the period under review, the main exploration effort has been concentrated on the uranium program in County Donegal, the Clontibret gold prospect, County Monaghan, the Mallow area of County Cork and the County Wexford area, the latter two areas subject to the Munster-Penarroya-Preussag Joint Venture in which the Corporation is the operator and has a one-third contributing interest.

Donegal Uranium Project

The four contiguous prospecting licences in County Donegal cover an area of approximately 72 square miles, or about 22 miles long by 3-6 miles wide, of which at least 80% is underlain by the NW-SE elongated Main Donegal Granite. Intensive exploration by Munster over the past 18 months has established this area as a prime uranium target.

Much of the detailed exploration activity has been concentrated on the previously reported six-mile strike length of the Main Radioactive Zone (M.R.Z.); while broad reconnaissance work has been carried out over the remaining licence areas. An integrated program of geological mapping, radiometric prospecting, deep overburden geochemistry, trenching, channel sampling and most recently, induced polarization surveys along the M.R.Z. have outlined extensive, potential uranium-bearing zones and pro-

MUNSTER BASE METALS LIMITED
FINN PROJECT DONEGAL CO.
CLOGERACHULLION MEENACHULLION
PLs 2545 & 2546 PLS
EXPLORATION SUMMARY



CLOGHERACHULLION SHEET	CROAGHLEHEN WEST SHEET	CROASHLEHEN SHEET	DRUMANEANY SHEET	GLENEHEEN SHEET	DRUMNAHA SHEET	LOUGH FAD SHEET	LOUGH LECK SHEET	MEENACHULLION SHEET	LOUGH AGARVY SHEET
a GEOLOGY 1: 1000 scale mapping - 1: 250 scale mapping of RA 9	a GEOLOGY 1:1000 S - 1: 1000 scale mapping	a GEOLOGY 1: 1000 scale mapping (being draughted)	a GEOLOGY 1: 1000 scale mapping (in progress)	a GEOLOGY 1: 1000 scale mapping 1: 250 scale mapping of RA 2 1: 250 scale mapping of RA 3	a GEOLOGY 1: 1000 scale mapping	a GEOLOGY 1: 1000 scale mapping 1: 250 scale mapping of RA 5	a GEOLOGY 1: 1000 scale mapping	a GEOLOGY 1: 1000 scale mapping 1: 250 scale mapping of RA 21 1: 250 scale mapping of RA 22	a GEOLOGY 1: 1000 scale mapping
b GEOCHEMISTRY Deep cobra sampling Total 351 samples Hand Auger sampling Total 105 samples	b GEOCHEMISTRY Deep cobra sampling Total 475 samples (partly draughted)	c TRENCHING	c TRENCHING	b GEOCHEMISTRY Deep cobra sampling (to be draughted)	b GEOCHEMISTRY Deep cobra sampling Total 264 samples Hand Auger sampling Total 89 samples Orientation bog pH Eh measurements	c TRENCHING RA 19 total length 47.0m. 2 trenches	c TRENCHING RA 4 total length 210.m. 4 trenches	b GEOCHEMISTRY Deep cobra sampling Total 68 samples Lake sediment sampling Total 6 samples	c TRENCHING RA 2 total length 256.9m. 9 trenches
c TRENCHING RA 9 total length 427.9m. 14 trenches RA 26 total length 32.0m. 2 trenches	d CHANNEL SAMPLING	d CHANNEL SAMPLING	d CHANNEL SAMPLING	d CHANNEL SAMPLING RA 19 7.7 metres 7 samples	d CHANNEL SAMPLING RA 1 total length 97.0 m 4 trenches RA 2 total length 54.1 m 5 trenches RA 3 total length 229.7 m 10 trenches	d CHANNEL SAMPLING RA 1 23.6 metres 7 samples RA 2 44.4 metres 117 samples RA 3 20.8 metres 26 samples	e GEOPHYSICS Detailed radiometric prospecting Magnetometer survey IP Resistivity survey - on RA's 26, 25 & 9 Total 5910 line metres Borehole logging 704 m in 12 holes	e GEOPHYSICS Detailed radiometric prospecting Magnetometer survey IP Resistivity survey 4000 line metres	e GEOPHYSICS Detailed radiometric prospecting Magnetometer survey Alpha cup survey - 34 cups IP/Resistivity survey 2680 line metres
f DRILLING At RA 9 - 12 holes totalling 747. 4m (in progress) 512 samples from 180.3m	e GEOPHYSICS Magnetometer survey IP/Resistivity survey 4000 line metres	e GEOPHYSICS Magnetometer survey IP Resistivity survey - 4720 line metres	e GEOPHYSICS Magnetometer survey IP Resistivity survey - to be draughted IP/Resistivity survey - 4160 line metres	e GEOPHYSICS Detailed radiometric prospecting Alpha cup survey - 34 cups IP/Resistivity survey 2680 line metres	e GEOPHYSICS Detailed radiometric prospecting Magnetometer survey Alpha cup survey - 68 cups IP/Resistivity survey 1840 line metres	e GEOPHYSICS Detailed radiometric prospecting Magnetometer survey Alpha cup survey - 34 cups IP/Resistivity survey 3240 line metres	e GEOPHYSICS Magnetometer survey IP/Resistivity survey 2400 line metres	e GEOPHYSICS Magnetometer survey IP/Resistivity survey 6120 line metres Reconnaissance on RA 23	e GEOPHYSICS Magnetometer survey IP/Resistivity survey 2400 line metres

NOTE () State of maps not finalized

EXPLORATION WORK COMPLETED TO OCTOBER 31st, 1979.

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Much of the detailed exploration activity has been concentrated on the previously reported six-mile strike length of the Main Radioactive Zone (M.R.Z.); while broad reconnaissance work has been carried out over the remaining licence areas. An integrated program of geological mapping, radiometric prospecting, deep overburden geochemistry, trenching, channel sampling and most recently, induced polarization surveys along the M.R.Z. have outlined extensive, potential uranium-bearing zones and pro-



PICTURES ALONGSIDE, CLOCKWISE FROM
UPPER LEFT: Down the hole gamma ray logging
during drilling; Members of technical staff; Field
evaluation of drill core by radon assaying of uranium
mineralization; Group picture of Munster personnel;
Alan R. B. Lowe, President is third from left and
to the right Vice President Matthew Gilroy and David
Wilbur, Exploration Manager and Chief Geologist;
Transporting drill core boxes; and Technician
engaged in Induced Polarization survey.



vided a variety of targets warranting investigation by a first exploratory phase of diamond drilling.

Of the 11 areas so far investigated in any significant detail, Radioactive Anomaly No. 9 (R.A. 9) towards the western end of the Main Radioactive Zone was chosen for the first diamond drill holes — this was because of the comprehensive geological information available from the trenching and the encouraging uranium values obtained from the channel sampling, ranging up to 1.30 lbs/ton uranium over 24.9 feet. The I.P. survey response, while accurately reflecting the extent of the uranium mineralization found in the trenches, showed no persistence at depth, with the exception of one survey line at the western end of the trenching. It is considered very significant therefore that Hole F9-9, drilled beneath the virtually barren Trench No. 39, encountered considerable uranium mineralization over a 40 ft. intersection.

The reconnaissance I.P. survey of the six-mile strike of the M.R.Z. was completed during October, 1979, covering a total of 23.3 line miles. The apparent correlation at R.A. 9 between the I.P. response and the underlying uranium mineralization is considered to be most important in the interpretation of the extensive I.P. coverage along the entire M.R.Z. It is interesting to note that if initial drilling targets were selected on the basis of I.P. response alone, among the 10 extensive chargeability anomalies plotted, the one reflecting the mineralization at R.A. 9 would have ranked 10th.

To the end of October, 12 holes had been completed on R.A. 9 totalling 2,414 feet. Subsequently, holes F9-13 to F9-16 were completed for an additional approximate 1,000 feet of drilling. Hole F9-17 was drilled some 270 feet west from F9-16. In addition, three holes designated F26-1 to F26-3 were drilled on widely spaced locations on R.A. 26 to the west of the R.A. 9 area but evaluation of the results of the latter holes indicate they were drilled too far north to intersect the zone or zones cut in the F9 series of holes.

Holes F9-1 to F9-16 have tested, mostly at shallow depth, some 1,180 feet of strike length of R.A. 9 which is still open at both ends. The holes, which so far have generally ranged between 164 feet and 250 feet in length, have intersected, between 25 and 100 feet, a principal, near vertical, uranium-bearing pegmatite band of variable thickness with other more erratic pegmatites occurring at greater depths in most of the holes. Owing to the drill angle and near vertical position of the zone, intersections closely approximate true width.

Core samples have been assayed for uranium by the delayed neutron activation technique (DNA) and

significant intersections from the first 15 holes on R.A. 9 are as follows:

Hole No.	Angle	Intersection (ft)		Core Length (ft)	U_3O_8 Lbs/Ton
		From	To		
F9-1	-30°	27.8	57.6	29.8	0.54
		(27.8	45.1	17.3	0.62
		(35.6	44.4	8.8	1.03
		(41.5	44.4	2.9	1.86
		(54.4	57.6	3.2	1.61
And	Incl.	92.8	112.2	19.4	0.26
		(92.8	97.4	4.6	0.29
		(104.6	109.5	4.9	0.57
F9-2	-30°	25.2	105.2	80.0	0.71
		(25.2	81.4	56.2	0.99
		(25.2	50.1	24.9	2.12
		(30.1	34.1	4.0	4.34
		(37.7	42.0	4.3	4.10
		(41.0	42.0	1.0	7.99
F9-3	-30°	31.8	37.9	6.1	0.29
		(35.4	37.9	2.5	0.59
And		110.6	111.7	1.1	0.53
F9-4	-30°	42.6	93.8	51.2	0.51
		(42.6	61.2	18.6	1.16
		(42.9	57.7	11.8	1.78
		(52.1	57.7	5.6	3.07
		(78.9	89.9	11.0	0.32
F9-5	-30°	50.9	62.5	11.6	0.64
		(58.5	61.3	2.8	1.19
		79.1	84.8	5.7	0.27
		103.4	108.4	5.0	0.53
		151.4	166.8	15.4	0.31
		(151.4	154.1	2.7	0.98
F9-6	-30°	60.1	141.9	51.8	0.26
		(60.1	71.0	10.9	0.77
		(67.4	71.0	3.6	1.23
F9-7	-40°	113.0	127.0	14.0	0.42
		(114.2	122.9	8.7	0.58
		(116.1	118.5	2.4	1.09
		171.1	188.2	17.1	0.24
		(180.8	188.2	7.4	0.37
		(180.8	184.6	3.4	0.54
F9-8	-40°	134.1	159.5	25.4	0.19
		(134.1	150.5	15.9	0.25
		(136.3	140.6	4.3	0.66
And		155.8	159.5	3.7	0.23
F9-9	Incl.	74.2	114.3	40.1	0.50
		(74.2	106.0	31.8	0.60
		(79.0	87.6	8.6	0.90
		(79.0	85.2	6.2	1.05
		(92.8	95.3	2.5	0.76
		(97.8	106.0	8.2	0.81
		(100.5	106.0	5.5	1.02
		(104.2	106.0	1.8	1.90

Hole No.	Angle	Intersection (ft)		Core Length (ft)	U ₃ O ₈ Lbs/Ton
		From	To		
F9-10 Incl.	-40°	88.9	101.2	12.3	0.19
		(94.0	101.2	7.2	0.27
		(99.3	101.2	1.9	0.84
And		123.0	125.5	2.5	0.44
F9-11 Incl.	-30°	65.4	114.1	48.7	0.55
		(79.5	114.1	34.6	0.70
		(79.6	88.0	8.4	1.82
		(80.7	83.7	3.0	3.60
F9-12	-40°	156.8	159.0	2.2	0.46
		167.6	169.5	1.9	0.29
		224.2	226.4	2.2	0.44
		239.0	240.9	1.9	0.34
F9-13 Incl.	-30°	82.9	98.2	15.3	1.35
		(87.1	98.2	11.1	1.24
		(92.0	97.1	5.1	3.15
F9-14 Incl.	-30°	73.8	92.8	19.0	0.78
		(73.8	85.8	12.0	1.02
		(81.0	85.8	4.8	1.64
F9-15 Incl.	-30°	169.1	189.4	20.3	0.36
		(170.5	176.8	6.3	0.58
		(186.1	187.0	0.9	1.01

A surface plan and sectional diagram of the uranium mineralized area tested by drill holes F9-1 to F9-16 contained within the R.A. 9 Zone, is appended as well as a diagrammatic map summarizing the various exploration programs along the six-mile length of the M.R.Z. for the period to 31st October, 1979..

The holes completed to date at R.A. 9 have provided invaluable information on the geology and mineralization. The results are considered encouraging, suggesting that economic grades and widths do exist and in showing a continuity of structure and mineralization throughout all the holes.

The drilling program will continue to evaluate the mineralization found so far with a tentative budget of some 15,000 feet for the 1980 fiscal year. The comprehensive exploration programs over the past year and a half along the Main Radioactive Zone have resulted in numerous targets of potential uranium mineralization being outlined by a variety of techniques. It is quite evident that the area tested to date by drilling constitutes only a minute portion of the six-mile plus strike length of the M.R.Z.

Outside of the immediate vicinity of the M.R.Z. while basic stream sediment geochemistry and some radiometric prospecting and geological mapping has been undertaken, much follow-up work and systematic geochemical coverage is warranted. Encouraging stream sediment values have been

obtained for uranium and a number of other elements including molybdenum, copper and zinc.

Clontibret Gold Prospect

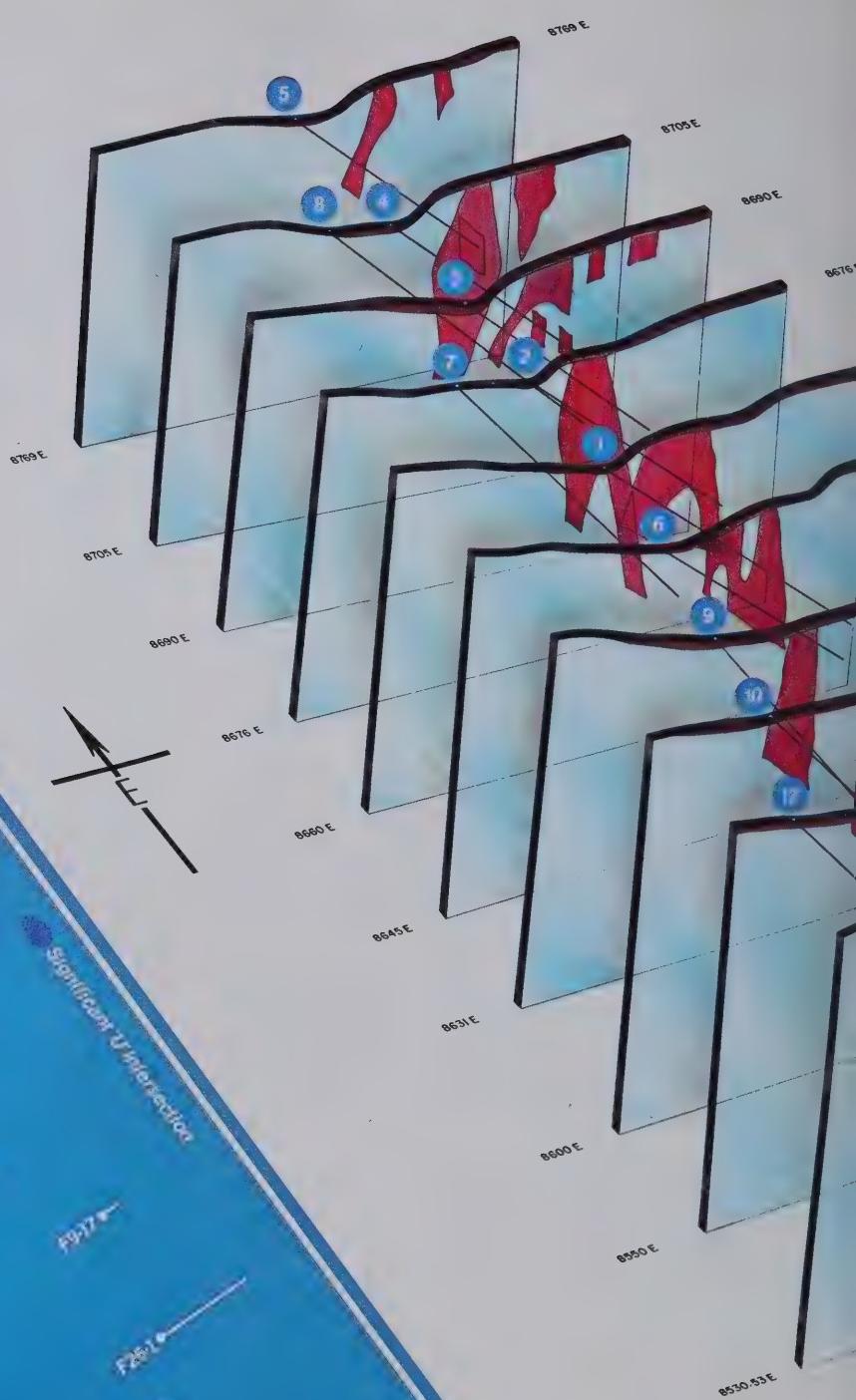
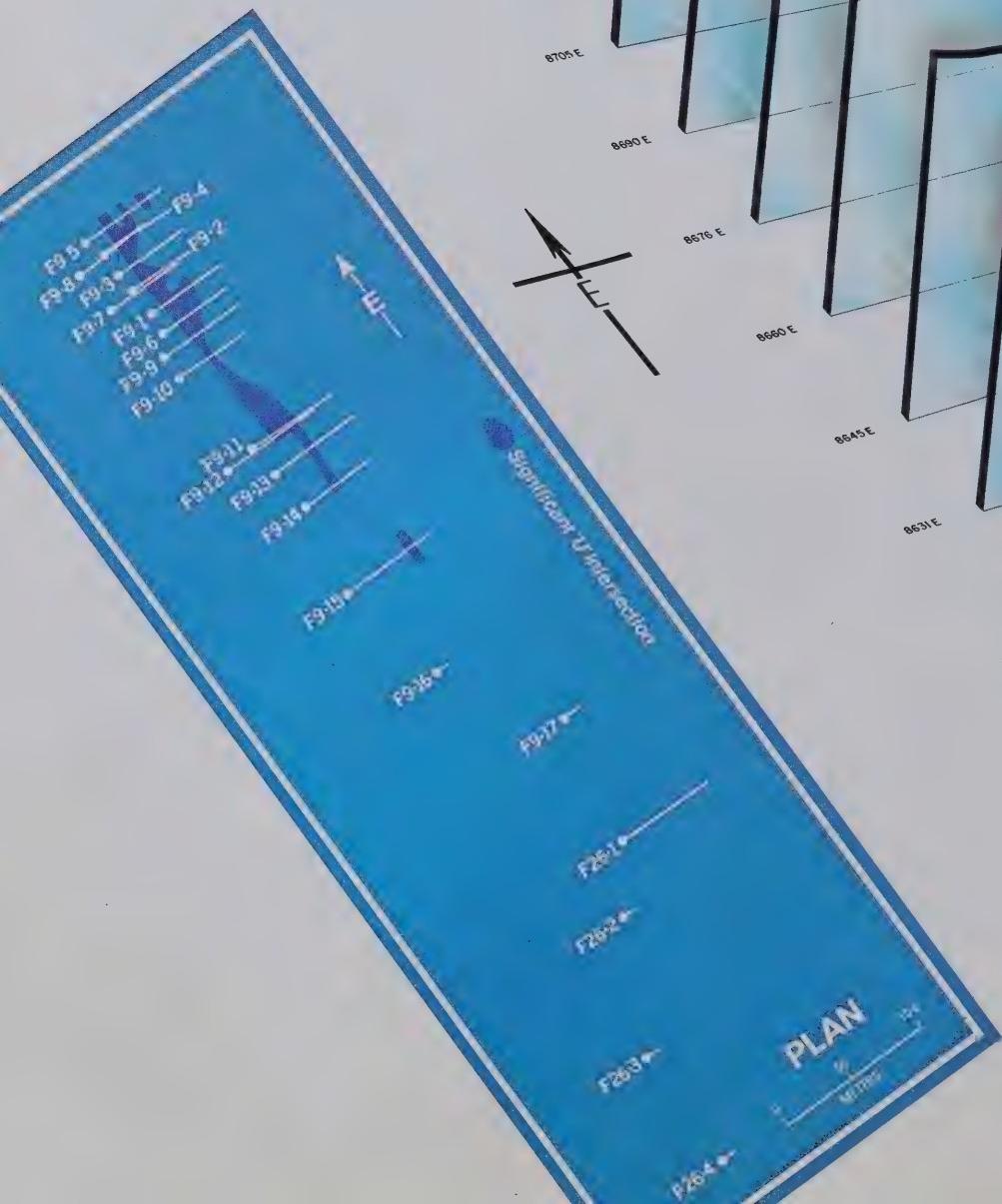
Between May and October of 1979, seven diamond drill holes have been drilled to investigate strike and depth extensions of the north-south gold bearing arsenopyrite-quartz veins at the former Clontibret antimony mine. Of the seven holes, only four have attained their objective depth because of unusually difficult drilling conditions. Previous drilling in 1957-58 encountered similar problems in the sixteen holes put down but these holes together with channel samples from the old workings did show that gold occurred in significant amounts.

The current drilling program, in spite of the difficulties, has been successful in confirming the gold content of the veins and in extending the strike length of the structure over at least 1,200 feet and down to depths of approximately 200 feet. All holes were drilled eastwards at various inclinations on approximate 200 to 300 foot intervals. Drilling commenced at the southern end of the known strike length and successive holes were collared northwards intersecting the Main Vein at progressively deeper horizons. Holes 2 and 4 had to be abandoned short of their objectives and Hole 5 intersected the two main favourable zones but gave no gold values above 0.05 oz/ton. Hole 6 was a stepout approximately 450 feet north of Hole 5 and Hole 7, inclined at -45° W was spotted some 230 feet west of the Main Vein and reached 326 feet before encountering broken ground and being abandoned.

In the upper part of Hole 7, down to 254 feet, numerous groups of faults were intersected, however, between this depth and the end of the hole only one small fault was noted. Weak arsenopyrite mineralization is associated with practically all the fault zones and trace amounts of gold occur with each.

The following significant intersections have been obtained in this program:

Hole No.	Angle	Intersection (ft)		Core Length (ft)	Gold Oz/Ton
		From	To		
CL79-1	-45° E	94.3	96.1	1.8	0.09
		96.1	97.3	1.2	0.07
		113.0	115.0	2.0	0.09
		127.0	129.5	2.5	0.34
		142.0	144.5	2.5	0.52
CL79-3	-60° E	88.0	89.0	1.0	0.14
		157.0	159.0	2.0	0.09
		180.0	182.0	2.0	0.45
		320.5	322.0	1.5	0.51
		322.0	324.0	2.0	0.13

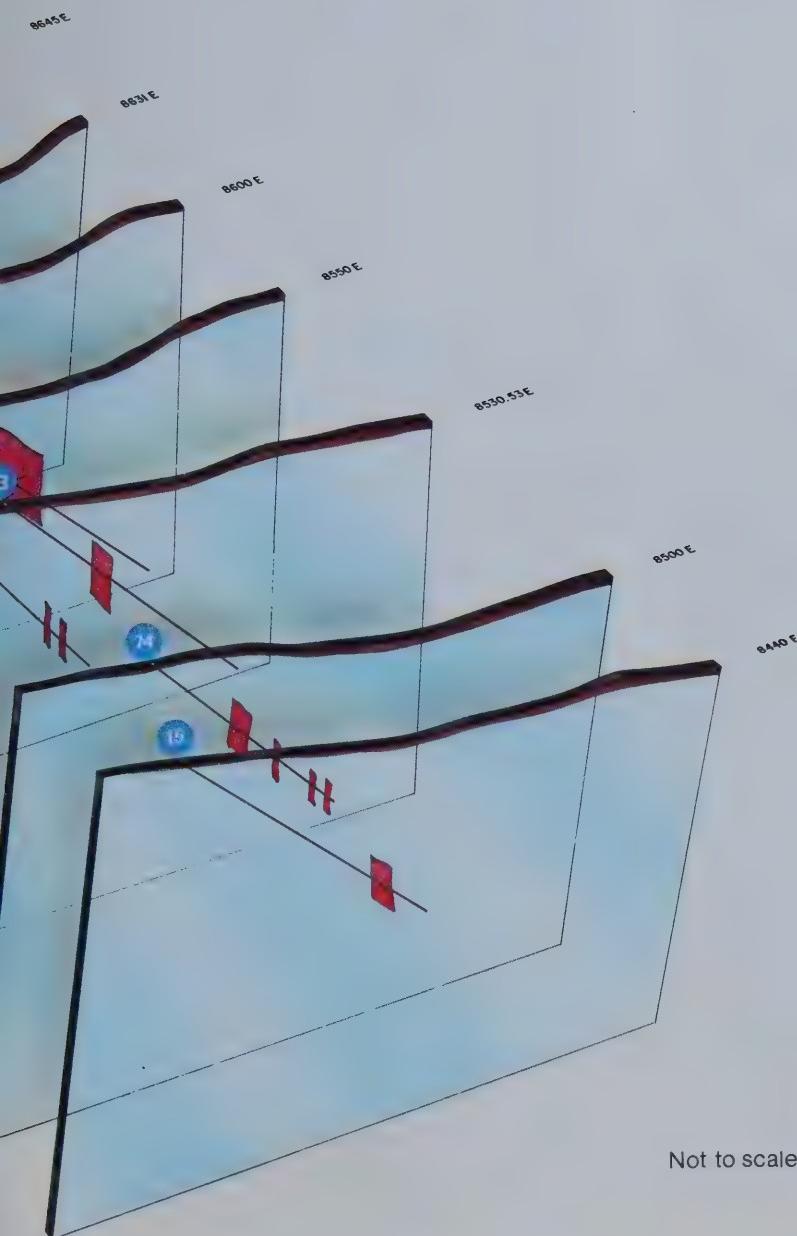


MUNSTER BASE METALS LTD.
FINN PROJECT DONEGAL CO.

RA·9 DRILL SECTIONS

ORTHOSTATIC ILLUSTRATION

(Looking from West to East)



Not to scale

Hole No.	Angle	Intersection (ft)		Core Length (ft)	Gold Oz/Ton
		From	To		
CL79-6	-45° E	113.0	114.0	1.0	0.37
		114.0	115.0	1.0	0.27
		115.0	116.0	1.0	0.18
		116.0	117.0	1.0	0.30
CL79-7	-45° W	237.0	239.0	2.0	0.12

Pending a solution to the drilling problems, it is contemplated that an extensive deep overburden geochemistry program be undertaken to identify further arsenopyrite gold bearing zones in the Clontibret area together with more widespread reconnaissance sampling. Checking of the numerous old mines and pits in the area for arsenopyrite and geological mapping to identify major structures is also contemplated for the current period.

Other Licence Areas

Work on the nine prospecting licences in Counties Galway-Longford-Roscommon was deferred during the period owing to the priorities of the Donegal Uranium Project and the Clontibret Gold Prospect. The Galway-Longford-Roscommon licences cover mostly Lower Carboniferous Limestones which host all the major base metal deposits in Ireland, are located about 40 miles west from the Navan zinc-lead mine in County Meath. Work contemplated on this licence area initially will be concentrated in the more favourable areas, as defined by geology, prospecting and by reference to previous shallow geochemistry results. This area is regarded as one of appreciable promise for carbonate hosted lead-zinc deposits.

The prospecting licence in County Mayo covers potential exploration targets for uranium, copper, molybdenum and tungsten associated with the granite and volcanogenic base metal sulphides. Work on this licence, which has been held since 1975, has included geological mapping, radiometric and ultraviolet ray prospecting, stream sediment geochemistry and alpha-cup surveys. This work has resulted in a number of interesting anomalies, principally for uranium.

The licence in County Tipperary covers Lower Carboniferous Limestones about 12 miles east of the former copper-silver-mercury producing mine at Gortdrum. No exploration work has yet been undertaken on this licence by Munster, but, as a first stage, it is planned that geological mapping and prospecting be carried out together with a review of previous data and deep overburden geochemistry on selected areas.

Munster-Penorroya-Preussag Joint Venture

Munster is the operator and has a one-third contributing interest in the 10 licences presently constituting this joint venture agreement. Applications are now pending for additional prospecting licences in furtherance of this joint venture agreement.

The four licences comprising the joint venture near Mallow, County Cork, are retained. Two holes totalling 1,048 feet were drilled during the latter part of the 1979 fiscal period north of the Tullacondra copper-silver deposit discovered by Munster in 1973. This earlier drilling, consisting of 14,234 feet in a total of 38 holes, outlined some four million tons of approximately 0.7% copper and 0.8 oz/ton silver. This deposit includes approximately one million tons grading significantly higher in both copper and silver values.

No significant mineralization was encountered in the most recently drilled holes which were down dip from the main deposit. On prospecting licence 2542 a strong geochemical anomaly was found during reconnaissance sampling and subsequently confirmed by limited deep overburden sampling will be further investigated. A total of 15 deep overburden holes are planned in this area totalling approximately 1,500 feet of drilling.

The first in a series of drill holes scheduled for an extensive test of the Wexford Licence Block commenced at the end of September and is currently at a depth below 1,000 feet toward its objective around 1,400 feet. The principal objective of this hole is to investigate possible lead-zinc mineralization in the favourable Upper and Lower Dolomite horizons eastwards along strike from the previous encouraging results obtained in two holes, including the hole drilled by the Corporation in 1972 which had intersections ranging up to 6% zinc over 30 feet.

Assay results to date have been received only for the Upper Dolomite, significant intersections of which are as follows:

Hole No.	Intersection (ft.)		Core Length (ft.)	Core	
	From	To		% Lead	% Zinc
W79-1	201.1	202.1	1.0	4.60	1.82
	240.2	240.8	0.6	1.52	0.88
	313.6	366.1	52.5	0.08	2.03
	Incl.	(343.2	350.0	6.8	0.08

Examination of available core from the underlying Lower Dolomite indicates similar amounts of mineralization. Final assays will be done on the completion of the hole.

The next hole will be sited approximately 1,300 feet west of W79-1 to check the presence of mineralization adjacent to a NW trending fault. It is envisaged that a total of at least 10,000 feet of diamond drilling will be completed on this project by the end of October, 1980.

Previous exploration, including diamond drilling, had indicated widespread carbonate-hosted zinc lead mineralization in the Duncormick-Bridgetown area. The work done most recently prior to the current diamond drilling program included deep overburden sampling using a large rotary drill, defined extensive geochemical anomalies associated with the suboutcrop of the Upper and Lower Dolomite horizons along a strike length of approximately three miles.

The budgeted expenditures confirmed by the Joint Venture Partners, essentially all of which is allocated for the Wexford Licence Block, is \$483,250 of which Munster's contribution is one-third.

CANADA

The Corporation's principal holding in Canada is the Camp Lake gold property consisting of 20 claims in the Yellowknife area, Northwest Territories. These claims are held under a 21-year mining lease extending to 1992.

No exploration has been carried out on this property since the 1974 field season during which additional surface diamond drilling, together with geological mapping, prospecting and trenching was conducted. The results of the 1974 program, correlated with previous exploration, provided a basis for a recalculation of the drill-indicated reserves for the No. 1 and No. 2 Zones and the 'B' and 'C' veins of the South Zone which are estimated at 43,750 tons averaging 0.46 ounce of gold per ton. Single drill intersections in the 'D', 'E' and 'F' veins of the South Zone were not considered in calculating the reserves.

The well sustained strength of gold prices, currently at a level over \$500 per ounce in Canadian funds, has resulted in the commissioning of an update of the 1974 feasibility study for the underground exploration and development of this

property. The findings of this updated feasibility evaluation are expected to be available for consideration by Management early in 1980.

GENERAL

Commencement of drilling on the Donegal Uranium Project during June was the highlight of the 1979 fiscal year. It is noted that the area tested to date by this preliminary drilling represents only a small fraction of the more than six miles of strike length of the Main Radioactive Zone which covers numerous extensive targets warranting thorough investigation.

The Joint Venture program at Wexford is yet another high priority target where a total of some 14,000 feet of drilling is planned, including some 10,000 feet to be completed by October, 1980. Additionally, the Corporation made significant progress in the exploration of its Clontibret Gold property which, in spite of the difficult drilling conditions, clearly warrants follow-up investigation, particularly in the circumstance of current gold prices which are more than ten-fold above the gold prices prevailing at the time of the earlier work. The same philosophy can be applied to the economic potential of the Camp Lake Gold property with its presently defined reserves and potential for locating additional tonnage.

As previously noted, the Corporation is now at the peak of its exploration activity with the expectation of carrying forward extensive programs in Ireland budgeted at \$1.2 million for the 1980 fiscal year.

On behalf of the Board of Directors,

"Alan R. B. Lowe"
President

19th December; 1979

ANGLO UNITED DEVELOPMENT CORPORATION

AND ITS WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT OCTOBER 31, 1979

ASSETS

CURRENT ASSETS

Cash
Short-term deposits
Marketable securities (quoted market value \$154,000) (Note 4)
Accounts receivable
Prepaid expenses

INVESTMENTS — at cost (notes 2 and 4)

Shares of Northgate Explorations Limited (quoted market value 1979 — \$1,724,331; 1978 — \$1,385,624)
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MINING AND OIL PROPERTIES (notes 1 and 3)

Oil leases
Mining claims
Interest in exploration ventures
Deferred exploration expenses

OTHER ASSETS

Exploration fixed assets — at cost, less accumulated depreciation of \$76,470 (1978 — \$40,516) Organization expenses
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LIABILITIES

CURRENT LIABILITIES

Bank indebtedness (note 4)
Accounts payable and accrued charges

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 6)

Authorized — 10,000,000 common share without par value (1978 — 8,000,000 common shares without par value)
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Issued and fully paid — 7,377,450 shares (1978 — 7,013,500 shares)
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DEFICIT
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ION LIMITED



1979	1978
\$	\$
—	36,099
454,285	105,891
271,927	—
16,204	3,817
3,648	6,149
<u>746,064</u>	<u>151,956</u>

231,541	231,541
32,272	40,663
72,500	72,500
1,073,613	1,010,316
1,586,083	1,111,331
<u>2,764,468</u>	<u>2,234,810</u>
46,833	13,574
18,653	18,653
65,486	32,227
<u>3,807,559</u>	<u>2,650,534</u>

1978	1979
\$	\$
277,634	121,000
71,225	33,117
<u>348,859</u>	<u>154,117</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Anglo United Development Corporation Limited as at October 31, 1979 and the consolidated statements of loss and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at October 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
November 23, 1979

Copps & Hybrand
Chartered Accountants

SIGNED ON BEHALF OF THE BOARD

5,470,242	4,396,589
2,011,542	1,900,172
3,458,700	2,496,417
<u>3,807,559</u>	<u>2,650,534</u>

JOHN C. EVANS, Director

A. GARFIELD HEYES, Director

**ANGLO UNITED DEVELOPMENT CORPORATION LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF LOSS AND DEFICIT
For the Year Ended October 31, 1979**

	1979	1978
	\$	\$
INCOME		
Oil production — net	8,391	6,689
Interest and other income	<u>74,577</u>	<u>35,683</u>
	<u>82,968</u>	<u>42,372</u>
EXPENSES		
Administration	125,469	94,899
Bank interest	37,907	4,646
Amortization of oil leases	8,391	6,689
Write-off of interest in exploration venture	11,626	—
Write-off of deferred exploration expenses	<u>10,945</u>	<u>—</u>
	<u>194,338</u>	<u>106,234</u>
NET LOSS FOR THE YEAR	<u>111,370</u>	<u>63,862</u>
DEFICIT — BEGINNING OF YEAR	<u>1,900,172</u>	<u>1,836,310</u>
DEFICIT — END OF YEAR	<u>2,011,542</u>	<u>1,900,172</u>
LOSS PER SHARE FOR THE YEAR	<u><u>\$.015</u></u>	<u><u>\$.009</u></u>

**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Year Ended October 31, 1979**

	1979	1978
	\$	\$
WORKING CAPITAL PROVIDED BY:		
Interest and other income	74,577	35,683
Oil lease rentals	8,391	6,689
Proceeds on issue of shares	<u>1,073,653</u>	<u>—</u>
	<u>1,156,621</u>	<u>42,372</u>
WORKING CAPITAL APPLIED TO:		
Exploration fixed asset additions — net	33,259	6,095
Interest in exploration ventures	74,923	37,452
Deferred exploration expenses	485,697	192,841
Administration expenses	125,469	94,899
Bank interest	<u>37,907</u>	<u>4,646</u>
	<u>757,255</u>	<u>335,933</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>399,366</u>	<u>(293,561)</u>
WORKING CAPITAL (DEFICIENCY) — BEGINNING OF YEAR	<u>(2,161)</u>	<u>291,400</u>
WORKING CAPITAL (DEFICIENCY) — END OF YEAR	<u>397,205</u>	<u>(2,161)</u>

ANGLO UNITED DEVELOPMENT CORPORATION LIMITED AND ITS WHOLLY-OWNED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended October 31, 1979

1. ACCOUNTING POLICIES

The accounting policies of the company and its subsidiaries are in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant for the company.

(a) Basis of consolidation

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries, Anglo United Investments Limited and Munster Base Metals Limited.

(b) Translation of foreign currency

Monetary assets and monetary liabilities are translated to Canadian dollars at the year-end exchange rate. Other assets have been translated at the rate in effect at the time of the transaction.

(c) Amortization

Oil leases are being written off in amounts equal to net revenue received.

(d) Depreciation

Depreciation is calculated on fixed assets at a rate of 50% per annum. Assets purchased during the year are depreciated from the month of purchase.

(e) Interest in exploration ventures

These expenses are deferred until such time as they are written off against production from the property to which they apply, or until the interest is abandoned.

(f) Deferred exploration expenses

These expenses are deferred until such time as they are written off against production from the property to which they apply or until all the claims within the area are sold or otherwise disposed of. Sufficient expenditures are charged to expenses in the year incurred to absorb the income.

2. INVESTMENTS

Due to the number of shares held, the quoted market value is not indicative of the value which may be more or less than that indicated by market quotations.

3. MINING AND OIL PROPERTIES

(a) The amounts shown for mining and oil properties represent costs to date, less amounts written off, and are not intended to reflect present or future values.

(b) Oil leases consist of an interest in the Sarcee Buffalo Group and the Canex Buffalo Group in the Buffalo-Bindloss Area of Alberta.

(c) Mining claims consist of the Camp Lake property of 20 claims in the Snare River area, Northwest Territories.

(d) Interest in exploration ventures consists mainly of the expenditures on the Irish property covered by the Penarroya agreement of \$949,972 (1978 — \$916,459).

(e) Penarroya Agreement

As of November 1, 1975 Munster Base Metals Limited (a wholly-owned subsidiary), Société Minière et Métallurgique de Penarroya and Preussag — Metals A. G. entered into a joint

ANGLO UNITED DEVELOPMENT CORPORATION LIMITED AND ITS WHOLLY-OWNED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended October 31, 1979

3. MINING AND OIL PROPERTIES (continued)

venture agreement in respect of certain mining licences held in the Republic of Ireland. Under the agreement, which is to remain in force until such time as all licences have been abandoned or surrendered, Munster has an initial participating interest of one-third.

- (f) Deferred exploration expenses are summarized below:

	1979	1978
	\$	\$
Balance — beginning of year	1,111,331	918,490
Expenditures during year	485,697	192,841
	<hr/>	<hr/>
Amounts written off	1,597,028	1,111,331
	10,945	—
Balance — end of year	<hr/>	<hr/>
	1,586,083	1,111,331

4. BANK LOAN

The company's shares of Northgate Exploration Limited and marketable securities have been pledged as collateral for the bank loan.

5. INCOME TAXES

- (a) The company has substantial amounts of deferred exploration expenses available for income tax purposes which may be applied against income of future periods.
- (b) One of the subsidiary companies has loss carry-forwards for income tax purposes of \$127,000 which expire in varying amounts up to 1984.

6. CAPITAL STOCK

- (a) The authorized capital of the company was increased by 2,000,000 common shares to 10,000,000 common shares effective May 17, 1979.
- (b) During the year the company issued 350,000 shares for cash of \$1,032,500.
- (c) During the year options were granted to employees on 130,000 shares at a price of \$2.95 a share, exercisable at any time up to and including December 5, 1981. Options were exercised on 13,950 shares, leaving options on 116,050 shares outstanding at October 31, 1979.

7. SENIOR OFFICERS' REMUNERATION

The aggregate direct remuneration paid to directors and senior officers (as defined by the Business Corporations Act, which includes the five highest paid employees) was \$119,616 (1978 — \$94,455).

